

## The SME Financing Guarantee Scheme helps enterprises to obtain simple and fast bank financing

As a cosmopolitan city, Hong Kong is full of business opportunities with continuous inflow of visitors and capital. However, even the best business ideas require funding to be implemented. The SME Financing Guarantee Scheme (“Scheme”)\* was launched on 1 January 2011. The Scheme aims to help non-listed small and medium-sized enterprises (“SMEs”) to obtain financing from participating lenders for meeting their business needs so as to enhance their productivity and competitiveness. Under the Scheme, the HKMC Insurance Limited (“HKMCI”) may provide guarantee coverage of 50%, 60% or 70% to the approved facilities of eligible enterprises. The Government introduced the Special Concessionary Measures under the Scheme on 31 May 2012, which provides 80% guarantee coverage to eligible facilities approved by participating lenders at concessionary guarantee fee rates, to assist SMEs to obtain bank financing for daily operations or equipment procurement, and assist the lenders to mitigate the credit risk at the same time. Each enterprise and its related entity(ies) can obtain guarantee(s) in respect of facility(ies) not exceeding HK\$12 million in total at any one time under the Scheme. The maximum loan tenor is 5 years. As at the end of February 2017, over 7,300 enterprises from various industries with about 190,000 employees have benefited from the Scheme since its introduction. To promote greater understanding of the Scheme, Standard Chartered Bank (Hong Kong) Limited (“SCBHK”) was invited to share a success story under the Scheme.

the market practice of the jewellery industry, the credit period granted to the buyers is longer than those granted to the suppliers. Therefore, more working capital is needed in the jewellery industry than most other industries in general. In addition, the enterprise was also exploring new markets and buyers through various channels such as jewellery exhibitions to maintain stable business growth. As market competition is intense within the industry, the enterprise would like to obtain financing from lenders to increase the working capital and expand its business. After preliminary assessment, the relationship manager of SCBHK considered that the enterprise was eligible to apply for the Scheme and introduced it to the enterprise promptly and further assisted in making an application for the Scheme. The facility was approved without the requirement for collateral in about two weeks from the application to the approval of the facility. With a guarantee under the Scheme in place to mitigate the bank’s credit risk, the financing costs were reduced and the amounts it could borrow increased significantly.



Mr Theodore Mak, Managing Director and Head of Business Banking, Retail Banking of SCBHK shared his view, “SCBHK understands the needs of SMEs and regards SMEs as important cornerstones of the Hong Kong economy. We are committed to providing clients with one-stop professional solutions for wealth management and borrowing through the SME Financing Guarantee Scheme and assisting enterprises to enhance their productivity and competitiveness under the ever-changing business environment for exploring business opportunities and maximizing wealth for the society.”

The HKMCI also continues to streamline the operational flow of the Scheme so as to enhance the efficiency of processing the guarantee applications. Mr Colin Pou, Executive Director and Chief Executive Officer of the HKMCI, shared, “The HKMCI strives to ensure the smooth application procedure of guarantees, and continues to streamline the process in order to provide services in a more effective way. For instance, the provision of an automatic electronic platform allows the participating banks or lenders to submit applications and enables the real-time tracking of individual application status. Since the launch of the Special Concessionary Measures up to the end of 2016, over 60% of the applications were approved by the lenders in about 3 working days. This demonstrates that, the Special Concessionary Measures provides timely help to the SMEs with working capital needs.”

## Sharing of a Success Story: Only two weeks from application to loan drawdown

SCBHK has been funding enterprises with the support of the Scheme. One of the beneficiaries is a jewellery trading company which also engages in manufacturing jewellery. According to

For enquiries, please contact:  
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2. the HKMCI

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\* The SME Financing Guarantee Scheme (“Scheme”) was launched on 1 January 2011 by The Hong Kong Mortgage Corporation Limited (“HKMC”). Since 1 May 2018, the Scheme business has been transferred to and carried out by HKMC Insurance Limited (“HKMCI”), a wholly-owned subsidiary of the HKMC.

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